



Business Council of
British Columbia

January 15, 2007

EMAILED: telecom@ic.gc.ca Original in mail

Director General
Telecommunications Policy Branch
Industry Canada
16th Floor, 300 Slater Street
Ottawa ON K1A 0C8

Re: Proposed Order to Vary Telecom Decision CRTC 2006-15 (Local Forbearance)

The Business Council of British Columbia is writing in support of the federal government's decision to further deregulate Canada's telecommunications industry, and in particular to support the proposed Order Varying Telecom Decision CRTC 2006-15, published in the Canada Gazette on December 16, 2006.

By way of background, the Business Council, established in 1966, is an association representing more than 200 large and medium-sized enterprises engaged in business in British Columbia. Our members are drawn from all major sectors of the provincial economy. Taken together, the corporate members and the associations affiliated with the Business Council are responsible for approximately one-quarter of all jobs in British Columbia.

The Business Council applauds the federal government's commitment to establish a more modern, efficient and flexible regulatory framework for the Canadian telecommunications industry. We endorse the government's efforts to advance the goal of price deregulation for local phone service in competitive markets. Shifting the regulatory threshold to one based on the existence and nature of competitive infrastructure rather than an outdated and arbitrary market share test means that businesses and consumers in Canada will benefit from competition in local telephone services markets in a more timely and efficient manner.

The proposed Order constitutes a sound approach to regulating a rapidly evolving and changing industry. It is consistent with the federal government's stated intention to move telecommunications policy away from a preoccupation with the success or failure of new market entrants and towards a framework that emphasizes competition and user benefits. We believe this is the correct policy decision.

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In its 2006, report, the Telecommunications Review Panel argued for a freeing-up of Canadian telecommunications markets in order to realize the significant economic and social benefits that flow from this dynamic industry. The Panel commented that "...the Canadian telecommunications industry has evolved to the point where market forces can largely be relied on to achieve economic and social benefits for Canadians..." The Business Council agrees with the Panel's reasoning on this key issue.

In contrast, the CRTC, in its April 2006 Local Forbearance Decision, has set out a complex regulatory regime, including the unjustifiably high 25% market share loss criterion that would result in a slow, cumbersome and uncertain path to deregulation. In a marketplace where the vast majority of Canadian consumers already have a choice between at least two local telephone service providers, and new entrants face low barriers to entry, minimizing regulation is the only sensible way to proceed.

The Business Council believes that relying on market forces, not an outdated regulatory regime with a bias toward micro-management, is the most efficient means of ensuring that customers receive the best possible service. Regulators should not seek to give certain market participants an unfair advantage, such as by using market share to determine the appropriate time to deregulate local phone rates.

More broadly, enhancing competition should be a fundamental goal of all federal policy. The proposed Order is consistent with this principle and will foster a competitive marketplace that allows investors and suppliers in the telecommunications sector to compete on a level playing field. As the Telecommunications Review Panel recognized, a competitive environment will produce superior service for business and consumers and stimulate innovation and productivity growth. Minimizing government interference in the market for local phone service is in the long-term economic interests of both British Columbia and Canada as a whole.

Yours sincerely,

*Original signed by
Jerry Lampert*

Jerry Lampert
President and Chief Executive Officer

JAF/vjc